

**ASSOCIATION OF APARTMENT OWNERS
SANDS OF KAHANA
BOARD OF DIRECTORS MEETING
February 13, 1999**

DIRECTORS PRESENT: Michael Kaplan, Marcos Baricuatro, Kazuko Shimaoka. By phone: Sandy Boothe.

DIRECTORS ABSENT: Artie Spector

OTHERS PRESENT! Carl Hardin, President, Heritage Properties; Wayne Cober, Vice President; Heritage Properties; Jim Hentz, Heritage Properties; Kitty Williamson, Interpreter; Laurie Ledbetter, Recording Secretary.

CALL TO ORDER:

President Michael Kaplan called the Board of Directors Meeting of the Sands of Kahana to order on Saturday, February 13, 1999 at 9:00 A.M. in the Meeting Room of the Sands Of Kahana, 4299 Lower Honapiilani Rd., Lahaina, Hawaii. A quorum was established with 4 of the 5 Board members present.

PROOF OF NOTICE:

Mr. Hardin announced that Proof of Notice was sent to all Board members and posted on the property.

APPROVAL OF MINUTES:

MOTION: To approve the minutes of the Board of Directors Meeting dated November 5, 1998 as circulated. Seconded and carried unanimously (Baricuatro/Boothe)

FINANCIAL REPORT:

Carl Hardin stated the Association ended the fiscal year on December 31, 1998 with a \$110,479.84 surplus. A draft of the certified annual audit was received on February 12, 1999 and forwarded to the Board for review. The following recommendations were included in the audit: 1) Update the Reserve Study to ensure that the Association is in compliance with Hawaii Revised Statutes 514A by 1/11/200. Mr. Hardin noted the Board previously discussed and intended to update the Reserves in 1999; 2) Distribute the Association's cash amongst several Ground institutions, versus just one (First Hawaiian Bank), as the total over the \$100,000 FDIC limit. Mr. Hardin stated this is not an issue as the funds are not actually held at the bank but invested in T-Bill, etc. through First Hawaiian Bank. Management will research opening a similar account at Bank of Hawaii. Currently, the Association has approximately \$1 million dollars in its Reserves.

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MANAGING AGENT'S REPORT,

The Managing Agent reported on The following items

KAHANA RIDGE DIRT:

Mr. Cober stated that at the approval of the Board, the Association attorney filed a suit, on behalf of the Sands of Kahana, against the Developer and all related parties of the Kahana Ridge project. This, in an effort to establish a date on record and protect the statute of limitations.

Management is proceeding to compile additional documentation to support he Association's case. The original expense cap of \$1,200 approved by by the Board has been expanded. Mr. Cober stated once the response to the suit is assessed, the Board will review additional action to take and approve funds accordingly.

FITNESS ROOM,

Mr. Cober stated that as part of the agreement to rent the space in Building, Three, the Sands of Kahana Vacation Club agreed to purchase equipment for the fitness room. The Club has ordered two commercial quality Stair-Steppers and two Recumbent Cycles at a delivered cost of \$9,725. A "home" quality, universal gym was in the Fitness Room, however, due to the on-going maintenance required on the equipment, it it was subsequently put in storage.

Mr. Cober presented a proposal in the amount of \$7,760 to purchase a commercial quality universal gym. Management recommends approval of this additional piece of equipment which would complete the gym. Mr. Cober stated that many positive comments we received on the Fitness Room and the facility is a popular amenity used by many owners and guests. Mr. Hardin stated the Club originally agreed and did in fact pre-pay one year of rent, basically buying some of the gym equipment up to \$10,000.

The Board reviewed the high use of the gym and the current maintenance costs of the home quality, universal gym in storage.

MOTION: To approve \$7,760 to purchase a commercial quality universal gym for the gym. Seconded and carried unanimously. (Boothe/Baricuatro)

PROPERTY ENTRY:

Mr. Hardin stated at the last meeting, the Board approved approximately \$23,000 to construct planters and install new landscape at the main entry sign. He presented two designs for the Board's consideration: 1) Remove the existing, entry structure/signs and replace with a new design. A

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preliminary cost for this option is approximately \$45,000, It is Mr. Hardin's opinion not to spend the \$23,000 now, if at some point in the future the entry is completely redone, and; 2) Defer any work on the entry until Phase III of the Lower Road is completed, as the work may impact the visibility of the entrance and signage.

Mr. Hardin offered a third option, to add attractive signage at the two side entrances alerting that the main entrance is approaching. Mrs. Boothe suggested an architect look at the entrance and submit a recommendation.

It was the consensus of the Board to defer the item to the next meeting.

TERRACE RESTAURANT/RENT,

Mr. Hardin stated that Jack Harris has exercised his option to extend his lease, on the Terrace Restaurant. The only negotiable item in the lease extension is the rent. Management contacted a few firms to establish an estimate on the cost to obtain the appraised value of the restaurant. The approximate cost for such an appraisal is \$10,000 to \$15,000. Mr. Hardin recommended not going forward with spending this amount of money in an effort to determine what the rent should be.

The Board discussed the base rent currently being paid by Mr. Harris and agreed to have Management negotiate a base rent of \$4,500 plus the current reimbursement of electricity for the restaurant.

MOTION: To approve a base rent of \$4,500 per month, plus the reimbursement of electricity, for the Terrace Restaurant. Seconded and carried unanimously. (Boothe/Baricuatro)

SWIMMING POOL:

Mr. Hardin stated that Management continues to receive many negative comments from guests with regard to the temperature of the main swimming pool. Mr. Hardin recommended the Board approve funds, not to exceed \$25,000, to heat the pool with a solar mat installed across the roof of restaurant.

The Board discussed the above proposal and agreed that the pool should be heated and would be an added amenity for the property.

MOTION: To heat the swimming pool at a cost not to exceed \$25,000. Seconded and carried unanimously. (Boothe/Shimaoka)

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LANGSTON/SHADE SCREEN:

Mr. Cober presented a request from Ellen Langston, owner of Unit #356, to install canvas solar shades (roll-ups) on the lanai of the above unit. Mrs. Langston present at this meeting, stated the shades are rolled up and hidden under the over hung when not in use and would match the color of the sliding lanai screen doors.

Mr. Cober expressed concern with the maintenance of the shades in the event that the unit were sold. He recommended the Board develop and adopt a standard for sunshades so that consistency is maintained.

The Board asked Mrs. Langston provide a sample free shade material and submit it to Management. Further, that Management develop a standard policy for consideration and once completed, present it to the Board either by a mail ballot or conference call.

OWNERS FORUM,

Items discussed in the raiders format included the following

- 1) Elevators - Mr. Hardin stated a proposal has been solicited for a total refurbishment of the elevators by an outside consultant. Once completed, it will be present to the Board for further consideration.
- 2) Silk plants/hallways. Mr. Jennewein asked that silk plants be replaced in the hallway area by his unit. Mr. Hentz responded that many areas have been filled with new silk plants. He will follow up on Mr. Jennewein's request.
- 3) Trees- Mr. Jennewein asked the Board to remove several trees in front of his unit which have grown tall and are now blocking the view. Mr. Hentz responded that 4 trees were removed in front of Mr. Jennewein's unit in 1998. Four more trees are scheduled to be removed and relocated in 1999, as the cost to do so can be absorbed in the landscaping budget.

Mike Sullivan, on behalf of Pat Sullivan, stated there were trees in front of (Mr. Sullivan's) unit that should be removed and relocated. Dr. Donald Jones, #224, also stated that there is a request on file to thin out and/or remove some of the large trees in front of that unit.

Mr. Jennewein asked the Board to expedite the tree relocation schedule. Dr. Jones volunteered to research contractors who have the ability to remove large trees, in a small space, and submit the information to Management for follow up.

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- 4) For Sale Signs - Dr. Jones asked her clarification with regard to the positioning of For Sale signs on the property, specifically in front of units for sale. He expressed concern with the close proximity of his unit to the timeshare presentation units and questioned whether or not a commercial enterprise can exist on a residential floor of the building i.e, timeshare presentations from an apartment. Mr. Hardin read Article V, Section IC of the By-laws with regard to signage on the property. He stated the timeshare presentations held in other units qualify under the provision of holding an open house. The front desk also provided directional maps for any units that we currently listed for sale.
- 5) Telephone system - The Board was asked to consider eliminating the \$.75 local and 800 phone charges. Mr. Hardin explained that the revenue from the check-in fee and telephone charges are used to offset the expense of running the front desk. No portion of the Maintenance Fee is used to pay for the telephone system.

ANNUAL MEETING:


Mr. Hardin stated that proxies were delivered to the Association which included a provision for requesting cumulative voting. However, the proxies contained an incorrect data for the Annual Meeting (February 11th instead of February 13th). If the proxies are considered invalid and not counted, there would be no request for cumulative voting. Mr. Hardin also stated Management believes Sullivan Properties violated their agreement by soliciting proxies for the Annual Meeting, with the rent distribution checks to owners.

Management recommended and the Board agreed, to accept the proxies even though it is in violation of the agreement.

ADJOURNMENT:

MOTION: To adjourn the meeting to Executive Session for the purpose of discussing legal and personnel issues. Seconded and carried unanimously. (Baricuatro/Shimaoka)

The meeting adjourned at 10:11 A.M.

Respectfully submitted,

Laurie "Lois" Ledbetter
Recording Secretary